



December 8, 2015

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IDAHO PUBLIC  
UTILITIES COMMISSION

1407 W. North Temple, Suite 310  
Salt Lake City, Utah 84116

***VIA OVERNIGHT DELIVERY***

Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

**Re: CASE NO. PAC-E-15-15  
IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE  
ASSET PURCHASE AGREEMENT BETWEEN ROCKY MOUNTAIN  
POWER AND THE CITY OF IDAHO FALLS**

Dear Ms. Jewell:

Enclosed for filing in the above mentioned matter are seven (7) copies of Rocky Mountain Power and the city of Idaho Fall's Joint Application for approval of a Service Area Exception Agreement.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation

Enclosures

Daniel E. Solander (ISB# 8931)  
Rocky Mountain Power  
1407 W. North Temple, Suite 320  
Salt Lake City, Utah 84116  
Telephone: (801) 220-4014  
Email: [daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

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UTILITIES COMMISSION

*Attorney for Rocky Mountain Power*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

|                                    |   |                             |
|------------------------------------|---|-----------------------------|
| <b>IN THE MATTER OF THE</b>        | ) |                             |
| <b>APPLICATION FOR APPROVAL OF</b> | ) | <b>CASE NO. PAC-E-15-15</b> |
| <b>THE ASSET PURCHASE</b>          | ) |                             |
| <b>AGREEMENT BETWEEN ROCKY</b>     | ) | <b>APPLICATION OF</b>       |
| <b>MOUNTAIN POWER AND THE CITY</b> | ) | <b>ROCKY MOUNTAIN POWER</b> |
| <b>OF IDAHO FALLS</b>              | ) |                             |
|                                    | ) |                             |

Rocky Mountain Power, a division of PacifiCorp (the "Company"), pursuant to provisions of the Electric Stabilization Act, I.C. § 61-333 and I.C. § 61-328, hereby makes application to the Idaho Public Utilities Commission ("Commission") for approval of the Asset Purchase Agreement ("Agreement") , provided as an attachment to this Application, between Rocky Mountain Power and the city of Idaho Falls, ("City"). This Agreement provides for Idaho Falls to purchase certain electric facilities currently owned and utilized by the Company to supply electric service to the Fielding cemetery, a City owned facility. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power, a division of PacifiCorp, an Oregon Corporation, whose address is 1407 West North Temple, Suite 320 Salt Lake City, Utah 84116, is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 75,000 customers in the state and is subject to the jurisdiction of the Commission. The Company's retail certificated service territory

encompasses portions of Fremont, Madison, Teton, Clark, Jefferson, Lemhi, Oneida, Bannock, Franklin, Caribou, Butte, Bingham, Bear Lake and Bonneville counties. Rocky Mountain Power is a public utility in the state pursuant to Idaho Code § 61-129.

2. Idaho Falls, which is located in Bonneville County owns and operates an electric power system within the municipal boundaries of the city for the convenience of its citizens. The City's municipal service territory is surrounded by Rocky Mountain Power's service territory. The Company currently provides electric service to one or more electric customers located within the boundaries of the City and the City provides service to one or more customers within the Company's service territory.

### **I. BACKGROUND**

3. On August 26, 2005 Rocky Mountain Power and the City entered into the Idaho Falls Allocation Agreement, provided as an attachment to this Application, to reduce duplication of service and promote stability in their respective service areas.

4. The Allocation Agreement specified that existing customers as of the date of the agreement would continue to be served by their current electric supplier regardless of which service territory the customer was located in.

5. The Allocation Agreement also specified that the Company would not provide electric service to any new customers within the City's boundaries and the City would not provide electric service to any new customers outside of its municipal boundaries.

6. The Allocation Agreement also provided for transfer of customer service between the two parties as long as the customer being served provided a written transfer of service request and the party who the customer's service was being transferred to agreed to pay for lost revenues and any facilities utilized by the other party to serve that customer.

7. The Allocation Agreement provides for the transfer of a customer's electric service from one utility to the other as long as the acquiring utility agrees to pay the utility currently providing service just compensation for lost revenues and the distribution facilities utilized to serve that customer. The Company and the City agreed that just compensation for lost revenues would be an amount equal to 167 percent of the total of the respective customer's electric bills from the prior twelve month period. In addition the acquiring utility would purchase the poles, wires, cross arms, insulators, guys and other facilities no longer needed or required by the other utility to service that customer.

8. In compliance with the terms of the Allocation Agreement, the Fielding cemetery has provided a request in writing to transfer its electric service from the Company to the City. The Company and the City have agreed to transfer service and the City has agreed to pay 167 percent of the customer's previous twelve months electric bills in addition to purchasing eight poles and approximately 2,500 feet of conductor from the Company.

## **II. REQUEST FOR SERVICE AREA EXEMPTION**

9. Rocky Mountain Power and the city of Idaho Falls hereby jointly petition the Commission for approval of the Asset Purchase Agreement, provided as an attachment to this Application, and transfer of electric service, wherein Idaho Falls agrees to serve the load of the Fielding cemetery in the municipal's service area, and pay the Company for the assets transferred, as well as the revenue reimbursement, legal and transaction costs.

## **III. COMMUNICATION**

Communications regarding this Application should be addressed to:

**If to Rocky Mountain Power:**

Ted Weston

Daniel E. Solander



1407 W. North Temple, Suite 330  
Salt Lake City, Utah 84116  
Telephone: (801) 220-2963  
Fax: (801) 220-2798  
Email: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)  
[daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

**If to the City of Idaho Falls:**

Idaho Falls City Power  
Janice Flowers  
140 South Capital Avenue  
Box 50220  
Idaho Falls, Idaho 83405

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

|                        |  |
|------------------------|--|
| By e-mail (preferred): | <a href="mailto:datarequest@pacificorp.com">datarequest@pacificorp.com</a>                       |
| By regular mail:       | Data Request Response Center<br>PacifiCorp<br>825 NE Multnomah, Suite 2000<br>Portland, OR 97232 |

**IV. MODIFIED PROCEDURE**

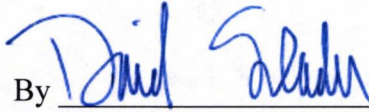
10. The Company believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 et seq. If, however, the Commission determines that a technical hearing is required, the Company stands ready for immediate consideration of its Application and will present its testimony to support the Application in such hearing.

## V. CONCLUSION

WHEREFORE, Rocky Mountain Power and the city of Idaho Falls respectfully requests that the Commission: 1) process this Application under Modified Procedure; 2) issue a final order approving the Asset Purchase Agreement; and 3) authorize the transfer of electric service for Fielding cemetery between Rocky Mountain Power and the city of Idaho Falls.

DATED this 8<sup>th</sup> day of December, 2015.

Respectfully submitted,

By   
Daniel E. Solander

Attorney for Rocky Mountain Power

## IDAHO FALLS ALLOCATION AGREEMENT

THIS AGREEMENT is made and entered into this 24th day of August, 2005, by and between PacifiCorp, doing business as Utah Power & Light Company ("PacifiCorp") and the City of Idaho Falls ("City"). In this Agreement, PacifiCorp and City may be referred to individually as a "Party" and collectively as "Parties."

### RECITALS

1. City owns and operates an electric power system, and in addition to providing electric service to customers within the boundaries of the City, it presently provides electric service to a number of customers outside the municipal boundaries of the City.
2. PacifiCorp operates as an electric corporation and public utility in the state of Idaho, and in addition to serving customers in the area surrounding Idaho Falls, it presently provides electric service to one or more customers located within the boundaries of the City.
3. PacifiCorp and the City desire to enter into an agreement, in accordance with Idaho Code § 61-333, to reduce duplication of service and promote stability in their respective service areas.

### AGREEMENT

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth in this section.
  - 1.1 "Existing Customer" shall mean a customer that, as of the date of this Agreement, has a service entrance through which it receives Electric Service from PacifiCorp or the City as the case may be.
  - 1.2 "Service Entrance," "Consumer," "Electric Service," and "New Service Entrance" shall have the meanings set forth in Idaho Code § 61-332A.
2. The Existing Customer(s) of the City located outside the municipal boundaries of the City will continue to be served by the City, subject to Section 5.
3. The Existing Customer(s) of PacifiCorp located within the municipal boundaries of the City will continue to be served by PacifiCorp, subject to Sections 5 and 6.

4. Notwithstanding the provisions of Idaho Code § 61-332C, PacifiCorp will not provide Electric Service to a New Service entrance within the municipal boundaries of the City, and the City will not provide Electric Service to a New Service Entrance outside its municipal boundaries.
5. Transfers of Customers
  - 5.1 The City may provide Electric Service to an Existing Customer of PacifiCorp having a Service Entrance within the boundaries of the City if the customer requests in writing that the City provide such service and the City pays PacifiCorp in accordance with Section 7.
  - 5.2 PacifiCorp may provide Electric Service to an Existing Customer of the City having a Service Entrance outside the boundaries of the City if the customer requests in writing that PacifiCorp provide such service and PacifiCorp pays the City in accordance with Section 7.
  - 5.3 Subject to Section 6 and except as otherwise provided in this Agreement, the City and PacifiCorp may provide Electric Service to a Consumer previously or then receiving Electric Service from the other only upon mutual consent of the Consumer, and approval by the Idaho Public Utilities Commission pursuant to Idaho Code § 61-334B.
  - 5.4 Nothing in this Agreement shall be construed to affect the rights of any Consumer to petition the commission for relief under the Idaho Electric Supplier Stabilization Act (the "Act").
  - 5.5 The Parties shall work together in good faith to accomplish any Consumer transfer(s) pursuant to this Agreement.
6. Annexations. In order to avoid duplication of electric facilities, upon annexation into the City of property owned by a customer of PacifiCorp, if the City elects to provide service to any customer within the annexed area, the City shall provide Electric Service to all customers within the annexed area, and shall, prior to such service, make payment to PacifiCorp of just compensation in accordance with Section 7 hereof.
7. Payments Upon Transfer. If Electric Service to a customer is transferred from the City or PacifiCorp to the other (the "Acquiring Utility") pursuant to this Agreement, the Acquiring Utility shall pay the other Party just compensation for



the distribution facilities. The Parties agree that such just compensation shall be determined in accordance with the following.

- (a) The Acquiring Utility will pay the other utility an amount equal to 167% of the total of the respective customer's electric bills from the prior twelve months.
- (b) The Acquiring Utility will purchase, if no longer needed by the other utility and required for new service, poles, wires, cross arms, insulators, guys and other facilities. The purchase price for such items will be based on the current price levels, adjusted for age and service ability.

Provided, however, that if circumstances exist such that the foregoing cannot reasonably be applied to provide just compensation, the Parties will negotiate in good faith to arrive at a determination of such just compensation.

- 8. Term. This Agreement is subject to, and shall become effective only upon approval by the Commission. The duration of this Agreement shall be for Ten (10) years; provided, however, that this Agreement shall be extended automatically for successive periods of Ten (10) years upon the same terms and conditions set forth in this Agreement, unless one of the Parties notifies the other, not less than Sixty (60) days prior to the end of the initial, or renewal term of the intent not to renew the Agreement.
- 9. Breach; Non-Waiver. If either Party breaches any provision of this Agreement, the other Party shall have the right to terminate the Agreement, at its sole option, and/or pursue its remedies at law or equity. No waiver of any breach of this Agreement shall constitute a waiver of any other or subsequent breach. If any action is brought to enforce this Agreement or any provision thereof, to rescind the same, to collect damages for an alleged breach or for declaratory judgment there under, the prevailing Party in such action shall be entitled to reasonable attorney's fees.
- 10. Integration. This Agreement constitutes the entire agreement between the Parties regarding the subject matter hereof and shall supersede that certain Idaho Falls Allocation Agreement dated May 27, 2005.

11. Notice. Notice allowed or required to be given under this Agreement shall be considered given by depositing such notice in the United States mail with postage prepaid and properly addressed to the Party. Notice shall be addressed to the following addresses until notice is give by the respective Party of a different address:

Idaho Falls Power  
140 S. Capital  
Box 50220  
Idaho Falls, Idaho 83405

PacifiCorp  
dba Utah Power & Light  
Office of General Counsel  
825 NE Multnomah, Ste. 2000  
Portland, Oregon 97232

12. In consideration of the premises and the terms and conditions of this Agreement, PacifiCorp agrees not to challenge the City's legal authority to provide Electric Service to the Existing Customers outside the municipal boundaries of the City. However, nothing in this Agreement shall be construed as a recognition or acknowledgement by PacifiCorp of the City's or any other municipality's authority to provide Electric Service to customers located beyond municipal boundaries.



CITY OF IDAHO FALLS

By: Linda Thilman

Its: Mayor

PACIFICORP

By: M. R. Wright

Its: Electric Power Delivery

**ASSET PURCHASE AGREEMENT  
BETWEEN  
ROCKY MOUNTAIN POWER  
AND  
CITY OF IDAHO FALLS, IDAHO**

This Asset Purchase Agreement (the "Agreement"), dated this \_\_\_\_ day of \_\_\_\_\_, 2015 is between City of Idaho Falls, Idaho, a municipal corporation of the State of Idaho d/b/a Idaho Falls Power, ("Buyer"); and Rocky Mountain Power an unincorporated division of PacifiCorp, an Oregon corporation. Rocky Mountain Power and Buyer are sometimes referred to collectively as "Parties" and individually as "Party."

WHEREAS, Rocky Mountain Power owns certain distribution assets located at 4800 South Yellowstone Highway, Idaho Falls, Bonneville County, Idaho and more particularly described in Exhibit C, attached to this Agreement and incorporated herein.

WHEREAS, Buyer has agreed to purchase the distribution assets from Rocky Mountain Power and Rocky Mountain Power hereby agrees to sell the distribution assets to Buyer in accordance with and subject to all of the terms and conditions of sale as expressed herein; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants and conditions set forth in this Agreement, the sufficiency of which is hereby mutually acknowledged and accepted, the Parties hereto agree as follows:

1. Definitions.

For purposes of this Agreement, the following terms used herein but not otherwise defined herein shall have the following meaning when used with initial capitalization, whether singular or plural:

1.01 "Assets" means those distribution assets owned by Rocky Mountain Power, as set forth in Exhibit A. A map showing the location of the Assets is attached as Exhibit C.

1.02 "Commission" means the Idaho Public Utilities Commission.

1.03 "Revenue Reimbursement Costs" means the amount equal to one hundred sixty seven percent (167%) of the total of revenue for the prior twelve (12) months from each of the customers transferred with the Assets and pursuant to this Agreement, as shown in Exhibit B and previously agreed upon between the Parties in that certain Asset Allocation Agreement, dated August 26, 2005.

1.04 "Legal and Transaction Costs" means costs in addition to the total cost of the Assets and incurred by Rocky Mountain Power in order to effectuate this transaction, as set forth in Exhibit A.

1.05 "Purchase Price" means the total price Buyer will pay to Rocky Mountain Power for (a) the Assets; (b) the Legal and Transaction Costs and (c) the Revenue Reimbursement Costs pursuant to Section 2 of this Agreement.

1.06 "Transferred Customers" means the Customers that will be transferred to Idaho Falls Power as a result of this transaction and whose meter numbers are listed in Exhibit B.

1.07 "Transfer Date" means the date upon which Rocky Mountain Power executes the bill of sale for the Assets and all of the Transferred Customers shall become the customers of Idaho Falls Power.

## 2. Sale and Purchase of Assets.

2.01 Assets to Be Sold. Subject to all of the terms and conditions of this Agreement, Rocky Mountain Power agrees to sell and Buyer agrees to buy all of Rocky Mountain Power's right, title and interest in the Assets.

2.02 Purchase Price. The Purchase Price shall be FORTY-SIX THOUSAND EIGHT HUNDRED TWENTY-ONE AND 61/100 (\$46,821.61).

2.03 Payment. The Purchase Price shall be paid to Rocky Mountain Power by Buyer within fifteen (15) days of the date this Agreement is executed by both Parties; such payment shall be by check.

2.04 Instruments of Conveyance and Transfer. Subject to the satisfaction of the conditions precedent set forth in Section 8 of this Agreement, and pursuant to all of the terms and conditions of this Agreement, Rocky Mountain Power shall execute and deliver to Buyer a bill of sale to vest in Buyer good and marketable title to the Assets, subject to no security interests, liens or encumbrances, and substantially in the form of the bill of sale attached hereto as Exhibit D.

2.05 Sales, Transfer, and Other Taxes. Any sales, excise, transfer, purchase, use, or similar tax which may be payable by reason of the sale of all or a portion of the Assets shall be borne and paid by Buyer.

## 3. Ownership; Separation and Transfer, Operation and Maintenance; Risk of Loss

3.01 Ownership. Rocky Mountain Power shall own the Assets until the Transfer Date.

3.02 Separation and Transfer. The Parties mutually agree upon the following procedures for transferring possession and operation of the Assets: After the Transfer Date, the Assets shall no longer be, or deemed to be, part of Rocky Mountain Power's electrical system. Rocky Mountain Power will read its meters as of the Transfer Date and issue a final billing to the Transferred Customers for any energy used, and any other charges that have accrued prior to the Transfer date.



3.03 Immediately upon the Transfer Date Buyer shall be responsible for the reliable provision of electric service to, and all billings and collections from, the Transferred Customers and for any and all maintenance obligations of the Assets.

3.04 Transfer of Customers. Rock Mountain Power shall relinquish electrical service to all of its residents at 11:59 a.m. Idaho Falls local time on the Transfer Date, or such other date as mutually agreed to by the parties in writing. Rocky Mountain Power shall be obligated to continue to provide service and entitled to receive payment from the sale and delivery of electric service up to the Transfer Date and Buyer shall have the authority and the obligation to provide electric service to the Transferred Customers and shall be entitled to receive payment from any electric service from and after 12:00 p.m. Idaho Falls local time on the day after the Transfer Date, unless otherwise agreed to by the Parties in writing. From and after the Transfer Date, service to the Transferred Customers shall be provided by Buyer.

3.05 Operation and Maintenance; Risk of Loss. After the Transfer Date, Buyer shall own and be solely responsible for the operation and maintenance of the Assets and risk of loss of the Assets. Prior to the Transfer Date, Rocky Mountain Power shall be responsible for the operation and maintenance of the Assets.

#### 4. Representations and Warranties of Rocky Mountain Power.

Rocky Mountain Power represents and warrants as follows:

4.01 Organization and Powers of Rocky Mountain Power. Rocky Mountain Power is an Oregon corporation, duly organized and validly existing under the laws of the State of Oregon, and is duly qualified to do business in the State of Idaho. Rocky Mountain Power has all requisite power and authority to own the Assets.

4.02 Authority Relative to Agreement; Governmental Authorization. Rocky Mountain Power has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized and constitutes the valid and binding obligation of Rocky Mountain Power enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding may be brought. No declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by Rocky Mountain Power or the consummation by Rocky Mountain Power of the transactions contemplated by this Agreement, provided that Rocky Mountain Power makes no representation or warranty with respect to approvals which may be required from the Idaho Public Utilities Commission or the Federal Energy Regulatory Commission.

4.03 Non-Contravention; Approvals. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate, conflict with or result in a breach of any provision of, or constitute a default under, or result in the termination of any note, bond, mortgage, indenture, deed of trust, contract, lease or other instrument, obligation

or agreement of any kind to which Rocky Mountain Power is now a Party or by which any of its assets may be bound or affected.

4.04 Title to the Assets. Rocky Mountain Power has good and marketable title to the Assets free and clear of all liens, mortgages, pledges, claims, charges, security interests or other encumbrances.

4.05 Condition of Assets. The Assets will be sold to Buyer "AS IS, WHERE IS." Rocky Mountain Power hereby disclaims and excludes herefrom, (a) any express or implied representation or warranty as to the value, condition, design, operation, or quality of the materials or workmanship in, or any defects in, the Assets, (b) any express or implied warranty of merchantability or fitness for use or for a particular purpose, or (c) any express or implied representation, guarantee, obligation, liability or warranty of Rocky Mountain Power, express or implied, of any kind, arising by law or from course of performance, course of dealing, or usage of trade.

## 5. Representations and Warranties of Buyer.

Buyer represents and warrants as follows:

5.01 Organization and Powers of Buyer. Buyer is duly qualified to do business in the State of Idaho. Buyer has all requisite power and authority to own the Assets.

5.02 Authority Relative to Agreement; Governmental Authorization. Buyer has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized and constitutes the valid and binding obligation of Buyer enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedies of specific performance and injunctive relief are subject to the discretion of the court before which any proceeding may be brought. No declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by Buyer or the consummation by Buyer of the transactions contemplated by this Agreement, provided that Buyer makes no representation or warranty with respect to approvals which may be required from the Idaho Public Utilities Commission or the Federal Energy Regulatory Commission.

5.03 Non-Contravention; Approvals. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate, conflict with or result in a breach of any provision of, or constitute a default under, or result in the termination of any note, bond, mortgage, indenture, deed of trust, contract, lease or other instrument, obligation or agreement of any kind to which Buyer is now a Party or by which any of its assets may be bound or affected.

5.04 Condition of Assets. The Assets will be purchased by Buyer "AS IS, WHERE IS." Buyer acknowledges that Rocky Mountain Power disclaims and excludes herefrom, (a) any

express or implied representation or warranty as to the value, condition, design, operation, or quality of the materials or workmanship in, or any defects in, the Assets, (b) any express or implied warranty of merchantability or fitness for use or for a particular purpose, or (c) any express or implied representation, guarantee, obligation, liability or warranty of Rocky Mountain Power, express or implied, of any kind, arising by law or from course of performance, course of dealing, or usage of trade.

6. Covenants of Rocky Mountain Power.

Rocky Mountain Power covenants and agrees as follows:

6.01 Conduct of Business. Rocky Mountain Power shall own and operate the Assets for the time periods set forth in Section 3 of this Agreement in accordance with its past practices and shall engage in no material transactions relating to the Assets out of the ordinary course of business, including entering into any contract or financing arrangement that limits Rocky Mountain Power's ability to sell the Assets to Buyer.

6.02 Insurance. Until the Transfer Date, Rocky Mountain Power shall continue to self-insure or carry insurance currently in effect related to the Assets, adequate to insure the Assets against loss or damage by fire and other risks, and public liability consistent with and in accordance with its past practices.

6.03 Reasonable Efforts. Subject to the terms of this Agreement and fiduciary obligations under applicable law, Rocky Mountain Power shall use commercially reasonable efforts to effectuate the transactions contemplated by this Agreement and to fulfill all of the conditions of the Parties' obligations under this Agreement and shall do all such acts and things as reasonably may be required to carry out Rocky Mountain Power's obligations hereunder and to complete the transaction contemplated by this Agreement.

6.04 Notification. Rocky Mountain Power will give Buyer prompt written notice of any event, condition or fact arising prior to the Transfer Date that would cause any of its representations and warranties in this Agreement to be untrue in any material respect.

6.05 Access to Assets. Until the Transfer Date, Rocky Mountain Power shall allow Buyer and its authorized agents and representatives reasonable access to the Assets.

7. Covenants of Buyer.

Buyer covenants and agrees as follows:

7.01 Insurance. After the Transfer Date, Buyer shall carry insurance or liability coverage adequate to insure the Assets against loss or damage by fire and other risks, and public liability consistent with and in accordance with its past practices for like assets.

7.02 Reasonable Efforts. Subject to the terms of this Agreement and fiduciary obligations under applicable law, Buyer shall use commercially reasonable efforts to effectuate the transactions contemplated by this Agreement and to fulfill all of the conditions of the Parties' obligations under this Agreement and shall do all such acts and things as reasonably may be

required to carry out Buyer's obligations hereunder and to complete the transaction contemplated by this Agreement.

7.03 Notification. Buyer will give Rocky Mountain Power prompt written notice of any event, condition or fact arising prior to the Transfer Date that would cause any of its representations and warranties in this Agreement to be untrue in any material respect.

7.04 Indemnity. Buyer shall defend, indemnify, and hold harmless Rocky Mountain Power, its officers, directors, employees, and agents, from and against any and all liability, loss, damage, claims, suit or cause of action arising out of or relating to Buyer's ownership, operation or maintenance of the Assets. This obligation shall survive the termination of this Agreement and completion of the transactions contemplated by this Agreement.

7.05 Rights-of-way. Prior to the Transfer Date, Buyer shall independently obtain at Buyer's own expense, all easements or other real property rights, licenses or permissions, ("rights-of-way") necessary for Buyer to lawfully operate and maintain the Assets as they presently exist, and upon request, Buyer shall provide reasonably satisfactory evidence of having done so to Rocky Mountain Power.

7.06 Operation, Maintenance, Repair, or Replacement of the Assets. Buyer has or will arrange for qualified personnel to operate, maintain, and repair the Assets, and will in no way rely on Rocky Mountain Power for such services. Buyer has or is prepared to locate and procure on its own behalf, replacement components, including transformers, in the event of failure of any or all of the Assets at any time. Buyer takes full responsibility for the installation of such replacement components.

## 8. Conditions Precedent; Bill of Sale.

All of the obligations of Rocky Mountain Power under this Agreement are subject to the fulfillment, prior to and upon the Transfer Date, of each of the following conditions:

8.01 Representations, Warranties and Covenants of Buyer. All representations and warranties made in this Agreement by Buyer shall be true and correct in all material respects as of the Transfer Date as fully as though such representations and warranties had been made on and as of the Transfer Date, and as of the Transfer Date, Buyer shall have complied in all material respects with all covenants made by it in this Agreement.

8.02 Litigation. At the Transfer Date, there shall not be in effect any order, decree, or injunction of a court of competent jurisdiction restraining, enjoining, or prohibiting the consummation of the transactions contemplated by this Agreement (each Party hereby agreeing to use its reasonable efforts, including reasonable appeals to higher courts, to have any such order, decree or injunction set aside or lifted), and no action shall have been taken, and no statute, rule, or regulation shall have been enacted, by any state or federal government or governmental agency in the United States which would prevent the consummation of such transactions.



Additionally, Rocky Mountain Power's obligation to transfer title to the Assets to Buyer by providing Buyer with the bill of sale contemplated herein shall be contingent upon the following:

8.03 Payment of Purchase Price. Buyer shall have paid to Rocky Mountain Power the Purchase Price.

8.04 Rights-of-way. Buyer shall have provided to Rocky Mountain Power the evidence of necessary rights-of-way provided for in Section 7.05 of this Agreement.

9. Survival of Representations and Warranties.

All representations and warranties of the Parties, and all liability therefor, shall survive for a period of one year past the Transfer Date, at which time the obligations under this agreement shall cease and expire. Notwithstanding the forgoing, obligations under Section 7.04 of this Agreement shall continue indefinitely.

10. Termination.

10.01 Termination. This Agreement may be terminated and abandoned at any time prior to the Transfer Date if:

(a) The Parties agree in writing to terminate this Agreement by mutual consent; or

(b) Buyer delivers a written notice to Rocky Mountain Power to the effect that Rocky Mountain Power has defaulted in a material respect under one or more of its covenants and agreements contained herein (which shall be specified in detail in such notice), and such condition or conditions have not been satisfied or such default or defaults have not been remedied (or waived by Buyer) within thirty (30) days after the date such notice is delivered by Buyer to Rocky Mountain Power; or

(c) Rocky Mountain Power delivers a written notice to Buyer to the effect that Buyer has defaulted in a material respect under one or more of its covenants and agreements contained herein (which shall be specified in detail in such notice), and such condition or conditions have not been satisfied or such default or defaults have not been remedied (or waived by Rocky Mountain Power) within thirty (30) days after the date such notice is delivered by Rocky Mountain Power to Buyer; or

(d) The Transfer Date shall not have occurred on or before November 16, 2015 or such later date to which the term of this Agreement may be extended pursuant to mutual agreement of the Parties, provided that one of the Parties gives notice to the other so terminating this Agreement and that the Party seeking such termination has not defaulted in a manner responsible for delaying the Transfer Date past January 31, 2016.

10.02 Effect of Termination. Except where specific terms and conditions of this Agreement provide that such terms and conditions survive termination of this Agreement, any termination pursuant to this Section 10 shall relieve both Parties hereto of their obligations set

forth herein, and any such termination constitutes a failure of the conditions to the obligations of the Parties to implement this Agreement, except that nothing herein will relieve any Party from liability for any breach of this Agreement.

11. Assignment.

Neither Party may assign its rights under this Agreement to any third party without the written consent of the other Party.

12. Jurisdiction of Regulatory Authorities

In the event that the Commission or any other state, federal, or municipal authority determines that any provision of this Agreement conflicts with or is in violation of applicable law, or issues any rules, regulations, or orders which require Rocky Mountain Power to alter or amend any of the provisions of this Agreement or to terminate this Agreement, or that otherwise preclude or materially interfere with or rescind the transfer of assets contemplated herein, this Agreement automatically shall be amended to comply with such determination, amendment, rule, regulation or order; or, if so ordered, this Agreement shall terminate without effecting transfer of the Assets to Buyer, or the Assets and the purchase price shall be returned if transfer has already occurred; and in any of the foregoing events, Rocky Mountain Power shall not be liable to Buyer for damages or losses of any kind whatsoever, including consequential damages, which Buyer may sustain as a result of such determination, amendment, rule, regulation, or order, or modification or termination of this transaction, and Buyer shall pay all Disconnect Costs incurred by Rocky Mountain Power, or irrevocably committed to, on or before the date of any such regulatory action.

13. Miscellaneous.

13.01 Amendment. This Agreement may be amended only by an instrument in writing executed by the Parties which expressly refers to this Agreement and states that it is an amendment hereto.

13.02 Section and Paragraph Headings. The Section and Subsection headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

13.03 Waiver. Any of the terms or conditions of this Agreement may be waived at any time and from time to time, in writing, by the Party entitled to the benefit of such terms or conditions.

13.04 Jury Waiver. To the fullest extent permitted by law, each of the Parties waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

13.04 Limitation of Remedies. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, EXEMPLARY, PUNITIVE, SPECIAL, INDIRECT OR INCIDENTAL DAMAGES OR ECONOMIC LOSSES ARISING OUT OF ANY CLAIM, DEMAND, OR ACTION BROUGHT WITH RESPECT TO THIS AGREEMENT.

13.05 Notices. All notices, requests, demands, and other communications given by Buyer or Rocky Mountain Power shall be in writing and shall be deemed to have been duly given when telecopied, when delivered personally in writing or when deposited into the United States mail, to the following addresses:

If to Rocky Mountain Power:                      Rocky Mountain Power  
   Aaron Gibson  
   70 North 200 East  
   American Fork, Utah 84003

With a copy to:    Rocky Mountain Power  
   Office of General Counsel  
   1407 N. West Temple Suite 320  
   Salt Lake City, Utah 84116

If to Buyer:    Idaho Falls City Power  
   Jackie Flowers  
   140 South Capital Avenue  
   Box 50220  
   Idaho Falls, ID 83405

or to such other address as Buyer or Rocky Mountain Power may designate in writing.

13.06 Integrated Agreement. This Agreement, when executed, constitutes the entire agreement between the Parties hereto with respect to the Assets defined in this Agreement, and supersedes and negates all prior line extension agreements and understandings, oral and written, between the Parties hereto with respect to the Assets.

13.07 Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original and which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date first above written.

**IDAHO FALLS POWER**

By: \_\_\_\_\_

Name: Rebecca Casper

Title: Mayor, Idaho Falls

**ROCKY MOUNTAIN POWER**

By: \_\_\_\_\_

Name: R. Jeff Richards

Title: Vice President and General Counsel



EXHIBIT A  
DESCRIPTION OF ASSETS

**Property Valuation**  
**Sale in Place - Distribution Facilities**  
**For: Proposed Sale in Place, Idaho Falls, Idaho**  
**Asset Valuation**

| Asset Description            | FERC<br>ACCOUNT | Vintage | QUANTITY | UNIT | Sales<br>Price  |
|------------------------------|-----------------|---------|----------|------|-----------------|
| pole wood, 35 ft. cl 4       | 364             | 1968    | 1        |      | \$774           |
| pole wood, 40 ft cl 3        | 364             | 1994    | 1        |      | \$1,237         |
| pole wood, 35 ft. cl 4       | 364             | 1968    | 1        |      | \$774           |
| pole wood, 30 ft. cl 5       | 364             | 1968    | 1        |      | \$435           |
| pole wood, 45 ft. cl 3       | 364             | 2003    | 1        |      | \$1,704         |
| pole wood, 45 ft. cl 3       | 364             | 2003    | 1        |      | \$1,704         |
| pole wood, 45 ft. cl 3       | 364             | 2003    | 1        |      | \$1,704         |
| pole wood, 45 ft. cl 3       | 364             | 2003    | 1        |      | \$1,704         |
| conductor, cu #6             | 365             | 1968    | 240      |      | \$196           |
| conductor, cu #6             | 365             | 1968    | 155      |      | \$126           |
| conductor, cu #6             | 365             | 1968    | 396      |      | \$323           |
| ovh secondary cable, #2 TX   | 365             | 1968    | 135      |      | \$97            |
| conductor, cu #6             | 365             | 1968    | 403      |      | \$329           |
| conductor, #1/0 quad         | 365             | 2003    | 30       |      | \$22            |
| conductor, #2aaac            | 365             | 2003    | 301      |      | \$223           |
| conductor, #2aaac            | 365             | 2003    | 305      |      | \$226           |
| conductor, #2aaac            | 365             | 2003    | 302      |      | \$224           |
| conduit, 2" schedule 40 PVC  | 366             | 1994    | 30       |      | \$170           |
| conduit, 3" schedule 40 PVC  | 366             | 2003    | 30       |      | \$213           |
| conductor, 4/0 tx            | 367             | 1994    | 132      |      | \$101           |
| conductor, 1/0 quad urd      | 367             | 2003    | 135      |      | \$92            |
| xfmr, pole, 25, 7.2          | 368             | 1961    | 1        |      | \$757           |
| xfmr, pole, 10, 7.2          | 368             | 1961    | 1        |      | \$689           |
| xfmr, pole, 25, 7.2, 277/480 | 368             | 2003    | 3        |      | \$5,616         |
| xfmr, pole, 25, 7.2, 277/480 | 368             | 2003    | 3        |      | \$5,616         |
| Total                        |                 |         |          |      | <u>\$25,056</u> |

**EXHIBIT B**  
**12 Prior Months Electric Bills**

**Idaho Falls**

|              | Meter                     |                           |                            |                           |                         |
|--------------|---------------------------|---------------------------|----------------------------|---------------------------|-------------------------|
|              | <u>66844070</u>           | <u>66643701</u>           | <u>66832894</u>            | <u>23589672</u>           | <u>Total</u>            |
| August-15    | 54.40                     | 68.14                     | 1,236.05                   | 713.87                    |                         |
| July         | 51.84                     | 64.38                     | 1,257.77                   | 823.26                    |                         |
| June         | 56.97                     | 67.94                     | 1,192.75                   | 692.39                    |                         |
| May          | 61.81                     | 66.47                     | 979.40                     | 272.78                    |                         |
| April        | 63.03                     | 83.20                     | 583.58                     | 137.24                    |                         |
| March        | 252.02                    | 99.00                     | 37.82                      |                           |                         |
| February     | 356.76                    | 111.28                    | 37.86                      |                           |                         |
| January-15   | 363.31                    | 142.27                    | 37.86                      |                           |                         |
| December-14  | 361.70                    | 149.42                    | 37.82                      |                           |                         |
| November     | 395.27                    | 136.27                    | 37.90                      |                           |                         |
| October      | 124.27                    | 63.51                     | 623.27                     |                           |                         |
| September    | <u>27.69</u>              | <u>68.75</u>              | <u>1,040.42</u>            | <u>1.56</u>               |                         |
| <b>Total</b> | <b>2,169.07</b>           | <b>1,120.63</b>           | <b>7,102.50</b>            | <b>2,641.10</b>           | <b>13,033.30</b>        |
|              | <u>X 167%</u>             | <u>X 167%</u>             | <u>X 167%</u>              | <u>X 167%</u>             |                         |
| <b>Total</b> | <b><u>\$ 3,622.35</u></b> | <b><u>\$ 1,871.45</u></b> | <b><u>\$ 11,861.18</u></b> | <b><u>\$ 4,410.64</u></b> | <b><u>21,765.61</u></b> |

# EXHIBIT C

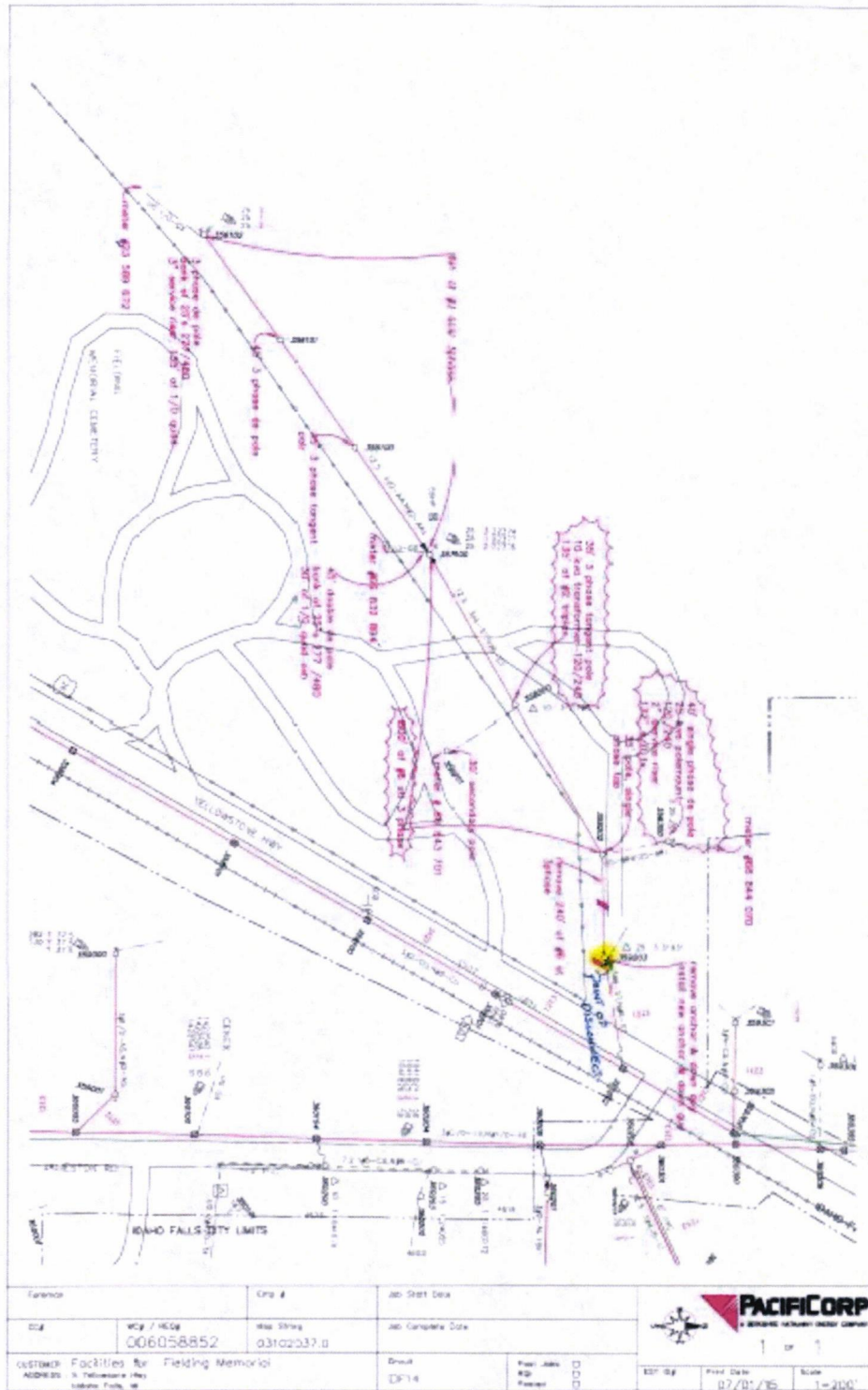


EXHIBIT D

BILL OF SALE

SELLER: ROCKY MOUNTAIN POWER

BUYER: IDAHO FALLS

FOR VALUABLE CONSIDERATION totaling FORTY-NINE THOUSAND THREE HUNDRED TWENTY-ONE AND 61/100 (\$49,321.61), the receipt of which is hereby acknowledged, Rocky Mountain Power ("Seller"), hereby grants, bargains, sells and delivers to Idaho Falls Power ("Buyer"), pursuant to an Asset Purchase Agreement dated as of \_\_\_\_\_, all of its right, title, and interest in and to all of the Assets listed on Exhibit A, attached to said Asset Purchase Agreement, and presently in the possession of Seller.

THE ASSETS ARE SOLD AND DELIVERED TO BUYER "AS IS, WHERE IS."

ROCKY MOUNTAIN POWER HEREBY DISCLAIMS AND EXCLUDES HEREFROM, (A) ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE VALUE, CONDITION, DESIGN, OPERATION, OR QUALITY OF THE MATERIALS OR WORKMANSHIP IN, OR ANY DEFECTS IN, THE ASSETS, (B) ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE, OR (C) ANY EXPRESS OR IMPLIED REPRESENTATION, GUARANTEE, OBLIGATION, LIABILITY OR WARRANTY OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND, ARISING BY LAW OR FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

Rocky Mountain Power

By: \_\_\_\_\_  
Name: R. Jeff Richards  
Title: Vice President and General Counsel